

**RIO BRAVO-GREELEY UNION SCHOOL DISTRICT**

**BAKERSFIELD, CALIFORNIA**

**PROPOSITION 39**

**2008 ELECTION GENERAL OBLIGATION BONDS**

**2008 SERIES A (BANK QUALIFIED)**

**FOR THE YEAR ENDED MARCH 31, 2009**

**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

**PREPARED BY**

**LINGER, PETERSON, SHRUM & CO.  
CERTIFIED PUBLIC ACCOUNTANTS**

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**INDEPENDENT ACCOUNTANTS' REPORT**  
**ON APPLYING AGREED-UPON PROCEDURES**

Board of Trustees  
Rio Bravo-Greeley Union School District  
Bakersfield, California:

We have performed the procedures enumerated below, which were agreed to by Rio Bravo-Greeley Union School District and the Citizens' Bond Oversight Committee, solely to assist you with respect to the accounting records of Rio Bravo-Greeley Union School District for the year ended March 31, 2009. Rio Bravo-Greeley Union School District's management is responsible for the District's accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Verify that the expenditures of funds were accounted for separately in the accounting records to allow for accountability.

***The District uses Fund 21, Building Fund--Bond Proceeds and Account 8951 Proceeds from the Sale of Bonds to account for the bond proceeds. The funds were accounted for separately.***

2. Select at least 25% of all expenditures by project and verify that the funds expended complied with the purpose that was specified to the registered voters of the District through election materials, District resolutions, and the project priority list that were distributed to the voters.

***Bond proceeds received were \$7,606,868. Bond premium received was \$458,502. Interest earned on funds deposited was \$147,538, and the District received \$7,444 from recycling of used items, for a total of \$8,220,352. During the year ended March 31, 2009, expenditures totaled \$4,336,498. We tested expenditures in the amount of \$1,303,946 which was 30.1% of the expenditures totaling \$4,336,498. We tested these expenditures using the following criteria:***

- a. ***The District used a purchase order.***
- b. ***It was noted that the services and/or goods were received.***

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- c. *The extensions and footings were tested and noted.*
- d. *There was an approval for payment.*
- e. *The invoices were marked "paid".*
- f. *The invoices were charged to the appropriate expenditure account.*
- g. *The expenditures agreed to all supporting documentation.*

*The funds were expended for the purpose that was specified to the registered voters of the District.*

3. Verify that the District's internal control procedures are operating according to District policies through examination of the invoices and other documentation that supports the payments made.

*We interviewed the District personnel regarding the internal control procedures used by the District and then reviewed the expenditures to confirm that those procedures were in place and operating effectively. For example, when a bill was received at the District, they would take it out to the construction manager to have him approve it and made sure the work was done. On the contractor's invoices, there is a place for the contractor, the construction manager, the architect, and the building inspector to sign. The District's internal control procedures are operating according to District policies.*

4. Verify that the State and District policies were followed in the awarding of bids and expenditure of funds.

*Each phase of the projects did go out to bid according to District policies. The projects were advertised for two days in the local newspaper over a two week period. The sealed bids were received and opened at the appointed time with many of the contractors present at the opening. Contractors who did not have the correct licenses or forms were disqualified. The Board of Trustees reviewed the remaining bids, and the job was awarded to the lowest qualified bidder. The State and District policies were followed in the awarding of bids and expenditure of funds.*

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion, on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Rio Bravo-Greeley Union School District and District administration, Citizens' Bond Oversight Committee, and the Governing Board and is not intended to be and should not be used by anyone other than those specified parties.

*Linger, Peterson, Ahum & Co.*

June 23, 2009

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**EXECUTIVE SUMMARY**

On February 5, 2008, the District voters authorized \$10,900,000 in General Obligation Bonds to be used to finance the construction, acquisition, furnishing and equipping of District facilities, and to pay certain costs of issuance associated therewith.

The Bond Measure B text was as follows:

To improve the health, safety and education of our children by modernizing aging school facilities, minimizing lead and asbestos hazards, replacing unsafe or inadequate electrical, communications, fire alarm systems, heating and cooling systems, repairing plumbing and renovating restrooms, renovating and/or adding classrooms and other facilities.

**BACKGROUND INFORMATION**

The Bonds are general obligations of the District. The Bonds are being issued by the District under the provisions of Chapter 1 and 1.5 of Part 10 of Division 1 of Title 1 of the Education Code of the State of California and other applicable law, and pursuant to a resolution adopted by the Board of Trustees of the District on March 10, 2008, and a resolution of the County Board adopted on March 25, 2008. These are Bank Qualified Capital Appreciation Bonds.

The Rio Bravo-Greeley Union School District had the Board of Supervisors of the County of Kern issue in the name and on behalf of the District \$7,606,868.15 aggregate principal or issue amount of its 2008 Election General Obligation Bonds, 2008 Series A (Bank-Qualified) under and pursuant to a bond authorization for the issuance and sale of not more than \$10,900,000.00 of general obligation bonds approved by more than 55% of the voters of the District voting at an election held on February 5, 2008. The bonds are the first issue under the authorization, after which \$3,293,131.85 of the District's authorization will remain for issuance of subsequent series of the District's 2008 Election General Obligation Bonds. The bonds are issued on a parity with all general obligation bonds of the District, including future general obligation bonds issued under the remaining authorization.

The net proceeds of the bonds and any other series of general obligation bonds issued under the authorization will be used for the purposes specified in the District bond proposition submitted at the election. The District intends to use the proceeds of the bonds to modernize, acquire, repair, renovate, construct, furnish and/or equip the oldest buildings of its existing schools, various classrooms, library, gymnasium, administrative and staff support spaces, and restrooms, and will finance or refinance those projects listed on the District's project list for the election.

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**CITIZENS' BOND OVERSIGHT COMMITTEE**

The Citizens' Bond Oversight Committee was established to satisfy the accountability requirements of Proposition 39. The Committee shall confine itself specifically to bond proceeds generated under the ballot measure. The Committee consists of a minimum of seven (7) members appointed by the Board of Trustees from a list of candidates submitting written applications. The members were chosen based on criteria established by Proposition 39. The Committee is required to meet at least once a year. The stated general purposes of the committee are to: 1) Review expenditures, and 2) Present to the Board an annual written report.

We have reviewed the minutes of the committee meetings, and saw that the minutes included a list of the expenditures that the committee reviewed. The committee has not yet presented an annual written report to the Board but is expected to do that soon.

**OBJECTIVE AND SCOPE**

Performance audit procedures were used by our team to evaluate the Rio Bravo-Greeley Union School District Proposition 39 General Obligation Bonds.

Our team reviewed the background materials, reviewed specific project and program level documentation, and tested program expenditures.

Sampling procedures assessed the performance of the Rio Bravo-Greeley Union School District General Obligation Bond level controls, and validated expenditures against funding source requirements and contract terms and conditions. The results of our assessment are based upon our experience with other bond programs, knowledge of the District, staff interviews, and review of general obligation bond documentation.

The scope of this performance audit included procedures to verify the use of the bond funds for approved funding source purposes. Expenditures were selected and tested for funding source and contract compliance. While these agreed-upon procedures were performed under AICPA attestation standards and did not constitute a District financial audit performed under AICPA assurance standards, these procedures were prudent to help verify that the school bond program performance is effective and consistent with funding source purposes.

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